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Letter No. 2280

Sept. 18, 1986

**WORLD WHEAT
SITUATION**

The world wheat prices continued downward in Aug., led by a \$30-per-ton decline in posted Canadian prices as new-crop wheat became available, according to the U.S. Department of Agriculture. Contributing to the downward trend is the lack of Soviet buying and the improved prospects for even larger exporter wheat supplies. The lack of Soviet buying may reflect expectations for lower prices, reduced hard currency availabilities, changes in the Soviet purchasing contracts, and temporarily reduced demand because of a bumper forage crop. The 1986/87 world wheat trade forecast is 91 million 400 thousand tons, 6 million tons higher than in 1985/86.

**EASTERN
EUROPE WHEAT
CROP**

The wheat crops in Hungary and Yugoslavia have been severely damaged by drought. According to the U.S. Department of Agriculture, yields are forecast 10-15 pct. below last year. The decline will likely mean increased demand for imported wheat, particularly inexpensive feed wheat which may be used in place of domestic coarse grains. The domestic coarse grains could then be exported to generate foreign currency. The reduced wheat supplies may also limit exports which is reflected in a 200,000 ton reduction in the 1986/87 East European export forecast to 2 million 200 thousand tons.

**COMPETITOR
WHEAT EXPORTS**

The 1986/87 wheat export forecasts for Canada, Australia and Argentina total 38 million 600 thousand tons, which is unchanged from last month and nearly equal to 1985/86. In 1985/86, because of an increase in total trade and the expected effect of price competitive U.S. wheat, this level will account for only 42 pct. of world trade. The Canadian 1986 crop is forecast a record 31 million tons. The Canadian wheat export forecast is 19 million 500 thousand tons.

**DAIRY PRICES
RISE**

Wholesale prices of dairy products and farm milk prices have risen significantly since late spring, according to the U.S. Department of Agriculture. The increases were triggered by production declines, continued growth in commercial use, and low commercial stocks. Production is likely to run 2-4 pct. below a year earlier because of the Dairy Termination Program. The surplus next year is expected to be moderate--probably the smallest since 1979.

U.S. COARSE
GRAIN EXPORT
FORECAST

The 1986/87 coarse grain export forecast is 46 million 800 thousand tons, unchanged from last month. Increased Chinese supplies were offset by lower expectations in Argentina, according to the U.S. Department of Agriculture. Increased export opportunities in the European Community should help to offset lower demand in a number of smaller countries expecting better crops. Corn sales in the first week of the new marketing year, which started Sept. 1, exceeded 800,000 tons, the highest weekly level since mid-Jan. 1986. Major buyers included Japan, Taiwan, and Korea; markets where U.S. corn exports have been displaced by foreign corn throughout much of 1985/86.

USSR BUYING
FROM NOBODY?

According to the U.S. Department of Agriculture, it does not appear that any of the major grain suppliers have sold wheat or coarse grains to the USSR since the few stricter contract terms were announced. Recent reports indicate that Canada may have sold the USSR significant quantities of wheat and barley for shipment during the first half of the Aug.-July 1986/87 agreement year. However, it may be these sales were made under the old contract terms. Despite the U.S. offer to include the USSR in the Export Enhancement Program for up to 4 million tons of wheat by Sept. 30, no business has yet been reported. The last U.S. corn sold to the USSR was shipped in June and no sales are currently outstanding.

USSR IMPORT
EST. FOR 1985/86
REVISED

The estimate of total grain imports by the Soviet was increased to 29 million 500 thousand tons, up 500,000 from a month ago. According to the U.S. Department of Agriculture, recent data on major exporter shipments to the USSR indicates that wheat shipments fell somewhat short of the projected 16 million tons. The European Community continued to be the largest seller of wheat, accounting for over a third of the total. Canada was the second, followed by Australia. Sales by the US. were less than even Sweden and India.

U.S. CROP
PRODUCTION
HIGHLIGHTS

The following are the highlights of the U.S. Department of Agriculture Sept. crop production report. Corn for grain production is forecast at 8 billion 270 million bushels, down 7 pct. from last year's record crop. Sorghum grain production is forecast at 873 million bushels, down 21 pct. from last year's record production. Feed grain production, including corn, sorghum, oats and barley, is expected to total 252 million metric tons, down 8 pct. from last year. Soybean production is forecast at 1 billion 980 million bushels, down 6 pct. from 1985. All wheat production is forecast at 2 billion 120 million bushels, the lowest level since 1978 and down 13 pct. from 1985.

WORLD OILSEEDS
PRODUCTION EST.
FOR 1986/87

The world production for oilseeds for 1986/87 is estimated by the U.S. Department of Agriculture at a record 197 million 500 thousand tons, up 1 pct. from last year. U.S. production is estimated at 60 million 400 thousand tons, down 8 pct. from last year. Foreign production is estimated at a record 137 million 100 thousand tons, up 6 pct. from last year.

FROM OUR
TELEVISION
SERVICE

CURRENT CROP ESTIMATES...A smaller U.S. crop and larger exports has tightened U.S. cotton supply. USDA economist David Hull talks about the outlook and estimates for a number of major crops. Vic Powell interviews. (276)

FINANCIAL HEALTH OF RURAL BANKS...As many farm sector borrowers became financially stressed, the fortunes of agricultural lenders also faded. USDA economist James Mikesell takes a look at the financial status of rural banks. Vice Powell interviews. (277)

CURRENT TOBACCO OUTLOOK...Tobacco supplies are down as of September 1, and disappearance may rise for the 1986/87 year. USDA economist Verner Grise focuses on reasons behind the current decline in tobacco supplies. DeBoria Janifer interviews. (278)

USDA BEAGLE BRIGADE PROGRAM...The USDA is expanding its beagle dog program to sniff airline passenger baggage for prohibited fruit and meat. Secretary of Agriculture Richard Lyng and Bill Helms, with USDA's Animal and Plant Health Inspection Service talk about the importance of this program. DeBoria Janifer interviews. (279)

ACCIDENTAL FARM POISONING...Debra Bateman, a farm wife from Mansfield, Illinois, talks about the tragic death of her son due to an accidental farm poisoning, in the hopes of warning other farm families about the importance of farm safety practices. Gary Beaumont interviews. (280)



FROM OUR RADIO
SERVICE

AGRICULTURE USA #1529...(Weekly 13½ min documentary) A long term heatwave? New evidence is causing more and more experts to consider something called the Greenhouse theory...which means the earth's weather is getting warmer and could have a disastrous effect on world agriculture. Gary Crawford reports.

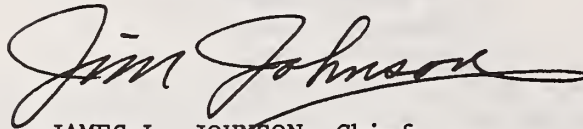
AGRITAPE/FARM PROGRAM REPORT #1518...(Weekly reel of news features) USDA news highlights; Dairy situation; Silo dangers; Bio-control advisory.

CONSUMER TIME #1011...(Weekly reel of 2½-3 min features) U.S. food in Thailand; Cataracts...disease of the eyes; Cataract prevention; Vitamins...to fight cataracts; The beagle brigade.

USDA RADIO NEWS SERVICE...Mon, Sept. 22, Hogs and pigs, livestock slaughter, vegetables; Tues, Sept. 23, World agriculture; Wed, Sept. 24, Agricultural resources. Dial the USDA National News Line 202-488-8358 or 8359. All material changed at 5 p.m. ET each working day.

OFF MIKE

Well, if you called to get on the telephone press conference with Sec'y Lyng from Uruguay during the GATT talks, you already know...we didn't make it. Things just didn't work out. We'll try again another time from another place ... Dix Harper (WRAL-TV/Tobacco Net, Raleigh So. Car.) reports on some "thank you" efforts relating to the hay deliveries to drought-stricken farmers in the SE. He said some people in his area planted some trees in Crawfordsville, IN, where Joe Jarvis at WCVL did so much to coordinate donations and deliveries. Dix also passed on the news that Ev Griner (Georgia Agrinews, Moultrie) is taking a group of agribusinessmen to Crawfordsville, Sept. 27 to put on a big catfish fry supper...all to say thanks for the help. Incidentally, Dix had called to get an answer to a listener's question: "Where did Sec'y Lyng go to college? In case you're wondering, too, he graduated cum laude from Univ. of Notre Dame in 1940 ... Mike Perrine (WJIL, Jacksonville, Ill.) reports his station has a new sister, WJVO-FM, that went on the air Sept. 1. Both stations are in new quarters with new equipment. Mike also reports lots of corn being harvested, some as high as 229 bushels per acre ("that's no-till, by the way") and some 64 bushel beans. Now if they can just find a place to store it ... We were talking via phone with Arnold Hartigan (Boise Interagency Fire Center, Boise, Idaho...and formerly with our USDA Radio Service) and learned that BIFC (pronounced BIFF-see) had received an Excellent Service award from the Interior Department (one of the six government agencies that make up and support the center). Earlier the center had received the Distinguished Service Award from USDA. After this year's fire season, the center's personnel deserve it all...and then some ... Layne Beaty (USDA Radio/TV Chief retired) stopped by and gave us a copy of the "Broadcast Pioneers Library" quarterly newsletter. Layne is a contributor to the library, doing some interesting history-on-tape interviews with pioneer broadcasters.



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